

FOREWORD

It is our great pleasure to present the 2001 Annual Report of EPA's Environmental Finance Center Network. The Network consists of nine Centers which provide finance training, education, and analytical services designed around the "how to pay" issues of environmental compliance. This report updates all principal activities of the university-based Environmental Finance Centers (EFCs) through 2001 and is a continuation of the information contained in the 1995-2000 Annual Reports.

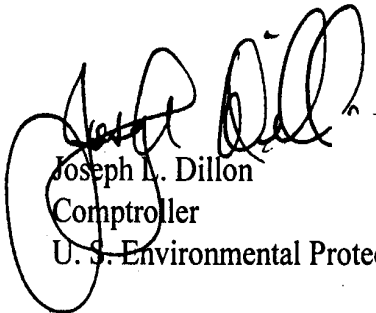
The Environmental Protection Agency provided seed funding in 1992 for the first EFC at the New Mexico Engineering Research Institute of the University of New Mexico. Soon thereafter, Centers were established at the University of Maryland and Syracuse University. A fourth Center was added in 1994 at California State University at Hayward. Two more EFCs were added in 1995; one at Cleveland State University early in the year, and the other established later in the year at Boise State University in an alliance with the University of Idaho and Idaho State University. In 1999, two new Centers were established in Region 4 at the University of North Carolina at Chapel Hill and the University of Louisville. In early 2000, Region 1 added the University of Southern Maine to the EFC Network.

The Network of nine EFCs strategically located at major universities throughout the country has become a significant force to assist local governments and small businesses in meeting environmental standards. The exceptional value of the Network was recognized by the Innovations in American Government Program sponsored by the Ford Foundation and Harvard University, which selected the EFC Network as a semifinalist for their annual awards in 1996 and 1999.

A central goal of the EFCs is to help create sustainable environmental systems in the public and private sectors. Sustainable systems have the financial, technical, and institutional resources and capability to operate indefinitely in compliance with environmental requirements and in conformance with generally accepted environmental practices. Creating and maintaining sustainable systems is a formidable challenge facing smaller local governments and businesses. Costs of needed public and private purpose systems and improvements often outstrip available resources. Yet paying for environmental protection has been and will continue to be primarily a responsibility of local governments and the private sector.

For their part, the financial outreach services of the EFCs help meet environmental needs by identifying ways of cutting costs, lowering and shifting costs, and increasing private sector investment in environmental systems. The reader will find in the following pages many innovative and traditional activities the EFCs have undertaken in accomplishing these objectives. Their work, however, is an ongoing process, and the sum total of the Network's benefits make an important contribution to environmental progress in this country. Information on the Environmental Finance Center Network, along with previous years' Annual Reports, can also be found on our website on EPA's Environmental Finance Program homepage at <http://www.epa.gov/ocfo/> or <http://www.epa.gov/efinpage/>.

We welcome your comments and suggestions.



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